

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Calcasieu-Cameron**  
**Hospital Service District**  
**Sulphur, Louisiana**

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**Financial Statements**  
**December 31, 2007 and 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

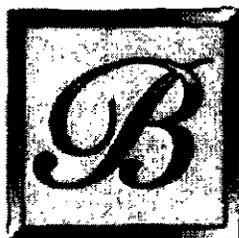
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Founded in 1978

## **BROUSSARD & COMPANY**

**CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.**

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### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
West Calcasieu-Cameron Hospital  
Calcasieu-Cameron Hospital Service District  
Sulphur, Louisiana

We have audited the accompanying financial statements of West Calcasieu-Cameron Hospital as of and for the years ended December 31, 2007 and 2006, as listed in the table of contents. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Calcasieu-Cameron Hospital as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on Pages 3 through 6 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2008 on our consideration of West Calcasieu-Cameron Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Broussard & Company*

Lake Charles, Louisiana  
June 12, 2008

**WEST CALCASIEU-CAMERON HOSPITAL  
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2007**

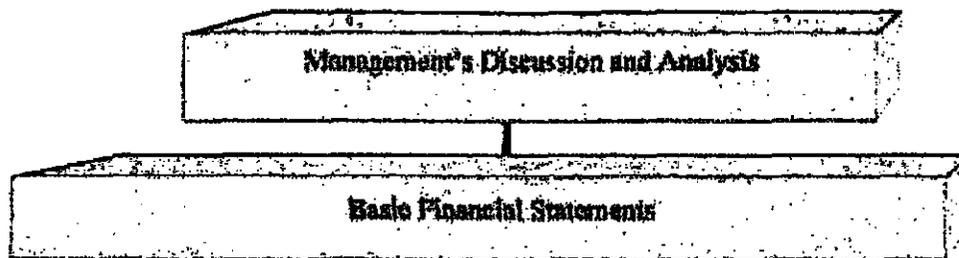
The Management's Discussion and Analysis of the West Calcasieu-Cameron Hospital (the Hospital) financial performance presents a narrative overview and analysis of the Hospital's financial activities for the year ended December 31, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

**FINANCIAL HIGHLIGHTS**

- ★ The Hospital's assets exceeded its liabilities at the close of fiscal year 2007 by \$35,940,487 which represents a 4.8% increase from last fiscal year. Of this amount, \$23,283,324 (unrestricted net assets) may be used to meet the Hospital's ongoing obligations to its users.
- ★ The Hospital's net patient revenue increased \$3,112,132 (or 5.8%) and the total operating expenses increased by \$4,669,557 (or 8.7%). Of the increase in expenses, \$914,869 was due to an increase in other professional service expense, \$2,675,247 due to an increase in provision for bad accounts, and \$1,324,547 due to an increase in nursing expense.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of two sections - Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

**WEST CALCASIEU-CAMERON HOSPITAL  
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2007**

**Basic Financial Statements**

The basic financial statements present information for the Hospital as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Combined Balance Sheets; the Combined Statements of Revenues and Expenses; and Combined Statements of Changes in Net Assets; and the Combined Statements of Cash Flows.

The Combined Balance Sheets (pages 7 - 8) presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Hospital is improving or deteriorating.

The Combined Statements of Revenues and Expenses (page 9) presents information showing how the Hospital's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Combined Statements of Changes in Net Assets (page 10) presents information showing how the Hospital's assets changed as a result of current year operations.

The Combined Cash Flow Statements (pages 11 - 12) presents information showing how the Hospital's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

**FINANCIAL ANALYSIS OF THE ENTITY**

	2007	2006	2005
<b>Current and other assets</b>	<b>\$30,008,329</b>	<b>\$30,876,296</b>	<b>\$18,882,448</b>
<b>Capital assets</b>	<b>26,209,215</b>	<b>24,801,387</b>	<b>24,667,002</b>
<b>Total assets</b>	<b>56,217,544</b>	<b>55,677,683</b>	<b>43,549,450</b>
<b>Other liabilities</b>	<b>6,739,716</b>	<b>6,087,068</b>	<b>5,172,581</b>
<b>Long-term debt outstanding</b>	<b>13,537,341</b>	<b>15,290,230</b>	<b>6,489,375</b>
<b>Total liabilities</b>	<b>20,277,057</b>	<b>21,377,298</b>	<b>11,661,956</b>
<b>Net assets:</b>			
<b>Invested capital assets, net of debt</b>	<b>12,657,163</b>	<b>9,499,444</b>	<b>18,161,698</b>
<b>Unrestricted</b>	<b>23,283,324</b>	<b>24,800,941</b>	<b>13,725,796</b>
<b>Total net assets</b>	<b>35,940,487</b>	<b>34,300,385</b>	<b>31,887,494</b>
<b>Total liabilities and net assets</b>	<b>\$56,217,544</b>	<b>\$55,677,683</b>	<b>\$43,549,450</b>

Restricted net assets represent those assets that are not available for spending as a result of bond agreements. Conversely, unrestricted net assets are those that do not have any limitations for which these amounts may be used.

**WEST CALCASIEU-CAMERON HOSPITAL  
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2007**

The net assets of the Hospital increased by \$1,640,102, or 4.8%, from December 31, 2006 to December 31, 2007.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating revenues	\$ 56,921,698	\$ 53,814,317	\$ 46,187,755
Operating expenses	<u>58,572,965</u>	<u>53,903,408</u>	<u>48,564,530</u>
Operating income (loss)	<u>(1,651,267)</u>	<u>(89,091)</u>	<u>(2,376,775)</u>
Non-operating revenues (expenses)	<u>3,291,369</u>	<u>2,501,983</u>	<u>505,715</u>
Net increase (decrease) in net assets	<u>\$ 1,640,102</u>	<u>\$ 2,412,892</u>	<u>\$ (1,871,060)</u>

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2007, the Hospital had \$26,209,215, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings, equipment, land improvements, and construction in progress. (See Table below). This amount represents a net increase (including additions and deductions) of \$1,407,828 or 5.7%, from last year.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Buildings and Improvements	\$30,864,168	\$31,085,085	\$31,117,954
Equipment	27,760,461	25,225,678	23,750,126
Construction in Progress	2,151,125	998,150	115,538
Land and Improvements	2,746,317	2,758,359	2,768,359
Less Accumulated Depreciation	<u>(37,312,856)</u>	<u>(35,265,885)</u>	<u>(33,084,975)</u>
Totals	<u>\$26,209,215</u>	<u>\$24,801,387</u>	<u>\$24,667,002</u>

This year's significant Capital additions included above were:

◦ Mobile X-Ray Unit	\$ 154,137
◦ Chiller & Cooling Tower	\$ 303,796
◦ Digital Mammography & Bone Density	\$ 406,000
◦ Wireless & Phone Systems	\$ 346,121

**WEST CALCASIEU-CAMERON HOSPITAL  
 CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 AS OF DECEMBER 31, 2007**

**Debt**

The Hospital had \$12,929,000 in bonds outstanding at year-end, compared to \$14,322,000 last year, a decrease of 187 %. A summary of this debt is shown in the table below.

Outstanding Debt at Year-end

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenue Bonds	\$ 3,654,000	\$ 4,322,000	\$ 4,990,000
General Obligation Bonds	<u>9,275,000</u>	<u>10,000,000</u>	<u>-0-</u>
Totals	<u>\$12,929,000</u>	<u>\$14,322,000</u>	<u>\$ 4,990,000</u>

The Hospital's 2006 Series General Obligation bonds are Standard & Poor's rated "BBB". The Hospital's 1998 Series A & B Revenue bonds are unrated.

**CONTACTING THE HOSPITAL'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact William Hankins, Chief Executive Officer, West Calcasieu-Cameron Hospital.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Combined Balance Sheets**  
**As of December 31, 2007**  
**(With Comparative Totals for December 31, 2006)**

	Hospital	Foundation	Totals	
	Service District		2007	2006
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 771,495	\$ 171,848	\$ 943,343	\$ 587,960
Assets whose use is limited-cash equivalents:				
Required for current debt service	150,496	-	150,496	168,137
By board for capital improvements	832,743	-	832,743	383,277
Assets whose use is limited:				
By board for capital improvements	8,815,458	-	8,815,458	8,665,985
By board required for operations	5,187,706	-	5,187,706	5,372,559
Accounts receivable from patients	12,384,871	-	12,384,871	13,116,964
Less allowance for uncollectible accounts	(3,192,189)	-	(3,192,189)	(3,316,774)
Interest receivable	29,878	-	29,878	146,478
Other receivables	2,138,982	-	2,138,982	1,613,607
Inventories	1,259,458	17,397	1,276,855	1,462,904
Prepaid expenses	335,348	-	335,348	261,974
Certificate of deposit	-	31,341	31,341	30,000
Other current assets	20,482	-	20,482	16,990
<b>Total Current Assets</b>	<u>28,734,728</u>	<u>220,586</u>	<u>28,955,314</u>	<u>28,510,061</u>
<b>Assets Whose Use Is Limited</b>				
By board required for operations	7,564	-	7,564	13,007
By board for capital improvements	764,775	-	764,775	1,973,594
Unrealized gain (loss) on investments	(34,917)	-	(34,917)	43,811
<b>Noncurrent Assets Whose Use is Limited</b>	<u>737,422</u>	<u>-</u>	<u>737,422</u>	<u>2,030,412</u>
<b>Property, Plant and Equipment</b>				
Construction-in-progress	2,151,125	-	2,151,125	998,150
Buildings and improvements	30,857,418	6,750	30,864,168	31,085,085
Equipment	27,732,940	27,521	27,760,461	25,225,678
Land and improvements	2,746,317	-	2,746,317	2,758,359
Less allowance for depreciation	(37,293,296)	(19,560)	(37,312,856)	(35,265,885)
<b>Net Property, Plant and Equipment</b>	<u>26,194,504</u>	<u>14,711</u>	<u>26,209,215</u>	<u>24,801,387</u>
<b>Other Assets</b>				
Investment in joint venture	220,278	-	220,278	226,722
Cost of bonds issued	95,315	-	95,315	109,101
<b>Total Other Assets</b>	<u>315,593</u>	<u>-</u>	<u>315,593</u>	<u>335,823</u>
<b>TOTAL ASSETS</b>	<u>\$55,982,247</u>	<u>\$ 235,297</u>	<u>\$56,217,544</u>	<u>\$55,677,683</u>

The accompanying notes are an integral part of these financial statements.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Combined Balance Sheets (Continued)**  
**As of December 31, 2007**  
**(With Comparative Totals for December 31, 2006)**

	Hospital Service District	Foundation	Totals	
			2007	2006
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 2,387,587	\$ 22,157	\$ 2,409,744	\$ 1,747,472
Accrued compensation and retirement	3,007,478	-	3,007,478	2,864,149
Accrued health insurance benefits	530,319	-	530,319	576,362
Accrued interest payable	154,266	-	154,266	307,204
Other accrued expenses	341,063	-	341,063	199,050
Due to Medicare and Medicaid - cost report settlement	296,846	-	296,846	392,831
Current portion of revenue bonds	668,000	-	668,000	668,000
Current portion of general obligation bonds	885,000	-	885,000	725,000
Current installments on capital lease obligations	341,368	-	341,368	356,728
<b>Total Current Liabilities</b>	<u>8,611,927</u>	<u>22,157</u>	<u>8,634,084</u>	<u>7,836,796</u>
<b>Long-Term Debt</b>				
Revenue bonds payable	2,986,000	-	2,986,000	3,654,000
General obligation bonds payable	8,390,000	-	8,390,000	9,275,000
Capital lease obligations	266,973	-	266,973	611,502
<b>Total Long-Term Debt</b>	<u>11,642,973</u>	<u>-</u>	<u>11,642,973</u>	<u>13,540,502</u>
<b>Total Liabilities</b>	<u>20,254,900</u>	<u>22,157</u>	<u>20,277,057</u>	<u>21,377,298</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	12,657,163	-	12,657,163	9,499,444
Unrestricted	23,070,184	213,140	23,283,324	24,800,941
<b>Total Net Assets</b>	<u>35,727,347</u>	<u>213,140</u>	<u>35,940,487</u>	<u>34,300,385</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$55,982,247</u>	<u>\$ 235,297</u>	<u>\$56,217,544</u>	<u>\$55,677,683</u>

The accompanying notes are an integral part of these financial statements.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Combined Statements of Revenues and Expenses**  
**For The Year Ended December 31, 2007**  
**(With Comparative Totals for December 31, 2006)**

	Hospital	Foundation	Totals	
	Service District		2007	2006
<b>NET PATIENT SERVICE REVENUE</b>	\$ 56,519,882	\$ -	\$ 56,519,882	\$ 53,407,750
<b>OTHER REVENUE (EXPENSES)</b>				
Cafeteria and vending machines	129,688	-	129,688	175,456
Record room and miscellaneous	35,658	-	35,658	38,527
Gift shop revenue, net of cost of sales	-	28,707	28,707	32,864
Donations	4,994	75,157	80,151	68,648
Other revenues	19,996	107,616	127,612	91,072
Total Other Revenue (Expenses)	<u>190,336</u>	<u>211,480</u>	<u>401,816</u>	<u>406,567</u>
<b>TOTAL REVENUE</b>	<u>56,710,218</u>	<u>211,480</u>	<u>56,921,698</u>	<u>53,814,317</u>
<b>OPERATING EXPENSES</b>				
Nursing expenses	12,536,240	-	12,536,240	11,211,693
Other professional service expenses	18,114,505	-	18,114,505	17,199,636
General service expenses	3,831,952	-	3,831,952	3,903,997
Fiscal and administrative services expenses	11,079,522	122,240	11,201,762	11,340,940
Depreciation and amortization expenses	2,350,091	5,200	2,355,291	2,480,984
Provision for bad accounts (net of recoveries)	9,916,299	-	9,916,299	7,241,052
Interest expense on bonds	560,790	-	560,790	474,840
Interest expense on leases	56,126	-	56,126	50,266
Total Operating Expenses	<u>58,445,525</u>	<u>127,440</u>	<u>58,572,965</u>	<u>53,903,408</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	(1,735,307)	84,040	(1,651,267)	(89,091)
<b>NON-OPERATING REVENUE AND (EXPENSES)</b>				
Ad valorem taxes	1,436,496	-	1,436,496	1,195,363
Rent income	426,806	-	426,806	447,896
Investment income	836,818	-	836,818	750,297
Gain (loss) on disposal of assets	78,277	-	78,277	11,787
Interest income	-	5,008	5,008	5,378
Miscellaneous	507,964	-	507,964	91,262
Total Non-Operating Revenue and (Expenses)	<u>3,286,361</u>	<u>5,008</u>	<u>3,291,369</u>	<u>2,501,983</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 1,551,054</u>	<u>\$ 89,048</u>	<u>\$ 1,640,102</u>	<u>\$ 2,412,892</u>

The accompanying notes are an integral part of these financial statements.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Combined Statements of Changes in Net Assets**  
**For The Year Ended December 31, 2007**  
**(With Comparative Totals for December 31, 2006)**

	Hospital	Foundation	Totals	
	Service District		2007	2006
<b>NET ASSETS - January 1</b>	\$ 34,176,293	\$ 124,092	\$ 34,300,385	\$ 31,887,492
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<u>1,551,054</u>	<u>89,048</u>	<u>1,640,102</u>	<u>2,412,892</u>
<b>NET ASSETS - December 31</b>	<u>\$ 35,727,347</u>	<u>\$ 213,140</u>	<u>\$ 35,940,487</u>	<u>\$ 34,300,384</u>

The accompanying notes are an integral part of these financial statements.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Combined Statements of Cash Flows**  
**For The Year Ended December 31, 2007**  
**(With Comparative Totals for December 31, 2006)**

	Hospital		Totals	
	Service District	Foundation	2007	2006
<b>Cash Flows From Operating Activities:</b>				
Receipts from patients and users	\$56,980,844	\$ 232,800	\$57,213,644	\$45,928,149
Payments to suppliers	(33,835,534)	(136,351)	(33,971,885)	(24,658,901)
Payments to employees	(20,807,317)	-	(20,807,317)	(19,110,264)
Interest paid	(769,854)	-	(769,854)	(252,832)
Net Cash Provided (Used) by Operating Activities	<u>1,568,139</u>	<u>96,449</u>	<u>1,664,588</u>	<u>1,906,152</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Payment for capital expenditures	(3,942,393)	(8,197)	(3,950,590)	(2,583,180)
Proceeds from sale of capital assets	279,535	-	279,535	78,218
Proceeds from issuance of bonds	-	-	-	10,000,000
Payment of bond costs	-	-	-	(73,102)
Principal payment on bonds and notes	(1,393,000)	-	(1,393,000)	(668,000)
Principal payments under capital lease obligations	(360,368)	-	(360,368)	(531,467)
Other	(5,949)	-	(5,949)	(1,925)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5,422,175)</u>	<u>(8,197)</u>	<u>(5,430,372)</u>	<u>6,220,544</u>
<b>Cash Flows From Investing Activities:</b>				
(Purchase) sale of assets whose use is limited, net	1,249,642	-	1,249,642	(10,173,128)
Investment income	953,418	5,008	958,426	716,393
(Purchase) sale of joint venture stock	(25,000)	-	(25,000)	62,500
Cash received for ad valorem taxes	1,436,496	-	1,436,496	1,195,363
Rent income	426,806	-	426,806	447,896
Purchase of certificate of deposit	-	(1,342)	(1,342)	(30,000)
Miscellaneous	507,964	-	507,964	91,262
Net Cash Provided (Used) by Investing Activities	<u>4,549,326</u>	<u>3,666</u>	<u>4,552,992</u>	<u>(7,689,714)</u>
<b>Net Increase (Decrease) in Cash</b>	<b>695,290</b>	<b>91,918</b>	<b>787,208</b>	<b>436,982</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>1,059,444</u>	<u>79,930</u>	<u>1,139,374</u>	<u>702,392</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 1,754,734</u>	<u>\$ 171,848</u>	<u>\$ 1,926,582</u>	<u>\$ 1,139,374</u>

The accompanying notes are an integral part of these financial statements.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Combined Statements of Cash Flows (Continued)**  
**For The Year Ended December 31, 2007**  
**(With Comparative Totals for December 31, 2006)**

	<u>Hospital Service District</u>	<u>Foundation</u>	<u>Totals</u>	
			<u>2007</u>	<u>2006</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (1,735,307)	\$ 84,040	\$ (1,651,267)	\$ (89,091)
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation and amortization	2,350,091	5,200	2,355,291	2,480,984
Provisions for losses on accounts receivable, net	(124,585)	-	(124,585)	(17,028)
(Increase) decrease in receivables	534,888	-	534,888	(1,060,540)
(Increase) decrease in inventory	188,133	(2,084)	186,049	(230,302)
(Increase) decrease in prepaid expenses	(73,374)	-	(73,374)	(92,358)
(Increase) decrease in other current assets	(3,492)	-	(3,492)	-
Increase (decrease) in accounts payable and other accrued expenses	431,785	9,293	441,078	914,487
Total Adjustments	<u>3,303,446</u>	<u>12,409</u>	<u>3,315,855</u>	<u>1,995,243</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,568,139</u>	<u>\$ 96,449</u>	<u>\$ 1,664,588</u>	<u>\$ 1,906,152</u>
 <b>Supplemental Disclosures of Cash Flow Information:</b>				
Cash paid for interest (net of amount capitalized)	<u>\$ 769,854</u>	<u>\$ -</u>	<u>\$ 769,854</u>	<u>\$ 252,832</u>
 <b>Cash and Cash Equivalents:</b>				
Unrestricted	\$ 771,495	\$ 171,848	\$ 943,343	\$ 587,960
Assets whose use is limited	983,239	-	983,239	551,414
	<u>\$ 1,754,734</u>	<u>\$ 171,848</u>	<u>\$ 1,926,582</u>	<u>\$ 1,139,374</u>

**WEST CALCASIEU-CAMERON HOSPITAL**  
Sulphur, Louisiana  
**Notes to Financial Statements**  
December 31, 2007 and 2006

*Note 1 -*

**Organization and Summary of Significant Accounting Policies**

The West Calcasieu-Cameron Hospital is owned and operated by the Calcasieu-Cameron Hospital Service District. The hospital provides in-patient, out-patient, and emergency care services for residents of southwest Louisiana. It is operated as a nonprofit corporation organized by the Calcasieu and Cameron Parish Police Juries under the provision of Chapter 10 of Title 46 of the Louisiana revised statutes of 1950. The governing authority of the Hospital Service District is a Board of Commissioners appointed to office by the Calcasieu and Cameron Parish Police Juries.

The West Calcasieu-Cameron Hospital Service Corporation (Foundation) is a non-profit corporation operating under 501 (c) (3) of the Internal Revenue Code. The Foundation files and grants applications, operates the gift shop, and conducts general fundraising efforts to be dedicated for the benefit of the Hospital. The District is the sole member of the Foundation.

GASB No. 20 requires that governments' proprietary activities apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The Hospital has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

Reporting Entity - As more fully described in the paragraph above, the Hospital Service District is a component unit of the Calcasieu and Cameron Parish Police Juries. Also, the West Calcasieu-Cameron Hospital Service Corporation (Foundation) is considered a component unit of the District. Component units are entities for which the Hospital is considered financially accountable.

Basis of Accounting - The Hospital has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*.

The Hospital uses the accrual basis of accounting. The revenues are recognized when they are earned, and expenses are recognized when incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Hospital's enterprise fund are charges to patients for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2007 and 2006**

*Note 1 -*

**Organization and Summary of Significant Accounting Policies (Continued)**

When both restricted and unrestricted resources are available for use, it is the Hospital's policy to use restricted resources first, then unrestricted resources as they are needed.

Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Patient Service Revenue - Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows.

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient non-acute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital.

Medicaid - Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary.

Risk Management - The Hospital is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters. The Hospital is self-insured for employee health benefits as discussed in Note 5.

Property, Plant, and Equipment - Property, plant, and equipment of the Hospital is recorded at cost. Depreciation is recorded using the straight-line method in amounts sufficient to amortize the cost of its assets over their estimated useful lives.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2007 and 2006**

**Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**

The estimated useful lives of the various assets follow guidelines established by the American Hospital Association, and are categorized as follows:

	Life
Hospital equipment	3 - 25 years
Buildings and improvements	3 - 50 years
Parking lots	5 - 25 years
Land improvements	5- 25 years

The costs of maintenance and repairs of property and equipment are charged to expense as incurred. Expenditures for additions, improvements, and replacements are capitalized. The cost and related accumulated depreciation of property and equipment retired are removed from the accounts and any resulting gain or loss is recognized.

Inventories - Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consist primarily of medical products and medicines.

Cash and Cash Equivalents - The Hospital considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Charity Care - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Amortization of Debt Issuance Costs - Debt issuance costs are deferred and amortized using the straight-line method over the term of the related debt.

Advertising Expense - The Hospital expenses the cost of advertising as the expense is incurred. For the years ended December 31, 2007 and 2006, the cost totaled \$278,650 and \$266,345.

**Note 2 - Assets Whose Use is Limited**

Assets whose use is limited include investments (reported at fair value) set aside by the Board for capital improvements, self-insurance, required liquidity for operations and other liabilities. Also included are assets held by trustees under bond indenture agreements.

The Hospital's composition of assets whose use is limited were as follows:

	2007 Fair Value	2006 Fair Value
Cash	\$ 983,239	\$ 551,414
Certificates of Deposit	1,543,342	2,011,831
Mutual Funds	3,973,084	2,162,797
U.S. Treasury Obligations	751,875	1,960,821
Government Mortgage	8,472,285	9,933,507
Total Assets Whose Use Is Limited	\$ 15,723,825	\$ 16,620,370

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2007 and 2006**

**Note 3 - Hospital Bonds Payable**

Long-term debt at December 31, 2007 consists of the following:

General obligation bonds:

\$10,000,000 Calcasieu-Cameron Hospital Service District General Obligation Bonds, Series 2006, due in annual principal and semi-annual interest installments, annual total debt service payments of \$1,264,219 to \$1,215,288 through March 1, 2016, interest of 4.05% to 4.25%, secured by unlimited ad valorem taxation \$ 9,275,000

Revenue bonds:

\$5,000,000 Calcasieu-Cameron Hospital Service District Hospital Revenue Refunding Bonds, 1998 Series A, due in semi-annual installments of \$289,000 to \$164,906 through May 1, 2013; interest at 4.2%, secured by mortgage on Hospital plant and equipment 1,827,000

\$5,000,000 Calcasieu-Cameron Hospital Service District Hospital Revenue Bonds, 1998 Series B, due in semi-annual installments of \$289,000 to \$164,906 through May 1, 2013; interest at 4.2%, secured by mortgage on Hospital plant and equipment 1,827,000

**\$12,929,000**

The annual installments to amortize all debt outstanding as of December 31, 2007 are as follows:

<u>General Obligation Bonds</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 885,000	\$ 368,141	\$ 1,253,141
2009	915,000	331,691	1,246,691
2010	950,000	293,688	1,243,688
2011	990,000	253,670	1,243,670
2012	1,025,000	211,859	1,236,859
2013-2016	<u>4,510,000</u>	<u>391,180</u>	<u>4,901,180</u>
	<b><u>\$ 9,275,000</u></b>	<b><u>\$ 1,850,229</u></b>	<b><u>\$ 11,125,229</u></b>

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2007 and 2006**

**Note 3 - Hospital Bonds Payable (Continued)**

<u>Revenue Bonds</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 668,000	\$ 146,454	\$ 814,454
2009	668,000	118,398	786,398
2010	668,000	90,342	758,342
2011	668,000	62,286	730,286
2012	668,000	34,230	702,230
2013	314,000	6,594	320,594
	<u>\$ 3,654,000</u>	<u>\$ 458,304</u>	<u>\$ 4,112,304</u>

The following is a summary of bonds payable transactions of the Hospital for the year ended December 31, 2007:

	<u>Revenue</u>	<u>General Obligation</u>
Outstanding at January 1, 2007	\$ 4,322,000	\$10,000,000
Bonds Issued	-0-	-0-
Bonds Retired	(668,000)	(725,000)
Outstanding at December 31, 2007	<u>\$ 3,654,000</u>	<u>\$ 9,275,000</u>

**Note 4 - Compliance with Bond Resolution**

The revenue bond agreement with Capital One contains various requirements relating to reserves, financial ratios, operating results, etc. The Hospital met all requirements for the years ending December 31, 2007 and 2006.

**Note 5 - Contingencies**

The Hospital is self-insured for employee medical benefits. Under this arrangement, employees contribute a portion of the cost with the Hospital paying the difference to the employee benefit trust. A portion of the monthly contributions is used to purchase a re-insurance contract that covers individual claims exceeding \$100,000.

**Note 6 - Compensation of the Board of Directors**

The members of the Board of Commissioners of West Calcasieu-Cameron Hospital are paid a per diem per board meeting attended. Total payments are as follows for December 31,

	<u>2007</u>	<u>2006</u>
Frank LaBarbera	\$ 1,100	\$ 900
Robert Davidson	1,300	900
Rapheal Fontenot	1,200	1,100
Bobby Letard	1,200	1,000
Joe Devall	800	700
Total	<u>\$ 5,600</u>	<u>\$ 4,600</u>

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2007 and 2006**

**Note 7 - Accrued Compensation**

Accrued payroll for the years ended December 31, 2007 and 2006, paid in the subsequent year, totaled \$803,432 and \$759,034, respectively. Accrued compensated absences totaled \$1,243,274 and \$1,215,966 for the years ended December 31, 2007 and 2006, respectively, and has been accrued at the employees' present salary levels for vacation time earned.

**Note 8 - Leases**

The Hospital has entered into several lease agreements as lessee for financing the acquisition of medical equipment and buildings. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the lower of the present value of the future minimum lease payments or the fair value of the assets. The assets are depreciated over the lesser of their lease terms or their estimated productive lives. The capitalized costs on such leases were \$1,766,482 for 2007 and 2006.

The accumulated depreciation on such equipment under capital lease obligation was \$743,478 at December 31, 2007 and \$508,569 at December 31, 2006. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at December 31, 2007:

Year Ending December 31,		
2008	\$	361,665
2009		243,751
2010		<u>65,031</u>
Total Minimum Lease Payments		670,447
Less: Amount Representing Interest		<u>62,106</u>
Present Value of Future Minimum Lease Payments	\$	<u>608,341</u>

The Hospital leases part of the Hospital facilities under an operating lease to a provider of long-term acute care services. The lease term was effective until September 30, 2005. Renewal of this lease is pending. Terms of the original lease are in effect until the new lease is signed. The cost of the property under this lease is \$105,927 and \$105,402 for the years ending December 31, 2007 and 2006, respectively. The accumulated depreciation is \$93,796 for the year ended December 31, 2007 and \$86,605 for the year ending December 31, 2006. Future minimum lease receivables at December 31, 2007 and 2006 are \$-0-.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2007 and 2006**

**Note 9 - Malpractice**

Malpractice claims have been asserted against West Calcasieu-Cameron Hospital by various claimants. The claims are in various stages of processing, and some may ultimately be brought to trial. In the opinion of counsel, the outcome of these actions will not have a significant effect on the financial position or the results of operations of West Calcasieu-Cameron Hospital. Management is unable to estimate the ultimate cost, if any, of the resolution of the asserted claims and, accordingly, no accrual has been made for them.

Incidents occurring through December 31, 2007 may result in the assertion of additional claims. Other claims may be asserted arising from past services provided. Management is unable to estimate the ultimate cost, if any, of the resolution of such potential claims and, accordingly, no accrual has been made for them. Management believes the resolution of such potential claims would be settled within the limits of insurance coverage.

**Note 10 - Capital Assets**

The Hospital's capital asset activity for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,016,825	\$ -0-	\$ -0-	\$ 2,016,825
Construction in progress	998,149	1,803,562	(650,586)	2,151,125
Total capital assets, not being depreciated	<u>3,014,974</u>	<u>1,803,562</u>	<u>(650,586)</u>	<u>4,167,950</u>
Capital assets, being depreciated:				
Buildings	24,894,592	-0-	(250,147)	24,644,445
Building improvements	6,190,494	60,273	(31,044)	6,219,723
Land improvements	741,534	3,905	(15,947)	729,492
Equipment	25,225,678	2,733,136	(198,353)	27,760,461
Total capital assets, being depreciated	57,052,298	2,797,314	(495,491)	59,354,121
Less accumulated depreciated	<u>(35,265,885)</u>	<u>(2,341,502)</u>	<u>294,531</u>	<u>(37,312,856)</u>
Total capital assets, being depreciated, net	<u>21,786,413</u>	<u>455,812</u>	<u>(200,960)</u>	<u>22,041,265</u>
Total capital assets, net	<u>\$ 24,801,387</u>	<u>\$ 2,259,374</u>	<u>\$ (851,546)</u>	<u>\$ 26,209,215</u>

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2007 and 2006**

*Note 11- Retirement Commitments*

Full-time employees of the Hospital are members of the Parochial Employees' Retirement System of Louisiana, a multi-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Eligible employees of the Hospital are members of Plan A.

Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service.

However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to 1% of final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Contributions to the System include 1/4 of 1% of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Data concerning the actuarial status of the System are not available for 2007.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 2006, comprehensive annual financial report. The district does not guarantee the benefits granted by the System.

Contributions to the system are made by both employees and the Hospital as a percentage of salaries. The payroll for the Hospital employees covered by the system for the year ended December 31, 2007 was approximately \$18,677,407; the Hospital's total payroll was \$20,950,646. Covered employees are required to contribute 9.5% of their earnings.

The Hospital's contributions to the system for the years ended December 31, 2007, 2006, and 2005 were \$2,487,750, \$2,184,465 and \$2,082,279, respectively. The contribution rate for 2007, 2006 and 2005 was 13.25%, 12.75% and 12.75%, respectively.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2007 and 2006**

*Note 12- Cash, Cash Equivalents, Certificates of Deposit and Other Investments*

Under Louisiana Revised Statutes 39:2955, the Hospital may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks, organized under Louisiana Law and National Banks having a principal office in Louisiana. Additionally, Louisiana statutes allow the Hospital to invest in United States Treasury obligations, obligations issued or guaranteed by the United States government or federal agencies, and mutual or trust funds register with the Securities and Exchange Commission which have underlying investments consisting solely of and limited to the United States government or its agencies.

In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

At December 31, 2007, the Hospital had cash, cash equivalents and certificates of deposit (book balances) totaling \$3,298,076. Of that balance, \$2,526,581 is included in Assets Whose Use is Limited (Note 2).

At December 31, 2006, the Hospital had cash, cash equivalents and certificates of deposit (book balances) totaling \$5,234,072. Of that balance, \$4,726,042 is included in Assets Whose Use is Limited (Note 2).

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk is the risk that in the event of bank failure, the Hospital's deposits may not be returned. At December 31, 2007, the Hospital has \$4,030,624 in deposits (collected bank balances). These deposits are secured from risk by \$300,000 of federal deposit insurance and \$7,088,887 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Hospital that the fiscal agent has failed to pay deposited funds upon demand.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2007 and 2006**

**Note 12- Cash, Cash Equivalents, Certificates of Deposit and Other Investments (Continued)**

Interest Rate Risk is the risk that changes in the in interest rate will adversely affect the fair value of the investment. At December 31, 2007 and 2006, the Hospital had investments in various debt instruments totaling \$9,224,160 and \$11,894,328, respectively. These investments have maturity dates that range from 1 to 6 years in the future.

At December 31, 2007, the Foundation had \$203,189 in cash, cash equivalents and certificates of deposit (book balances). The Foundation's collective bank balances on this date were \$203,501. The Foundation's cash balances exceeded federally insured limits at one institution by \$29,315 at December 31, 2007. The Foundation's cash balances did not exceed federally insured limits at December 31, 2006.

**Note 13- Prior Year Balances**

Certain prior year amounts may have been reclassified to conform with current year presentation.

**Note 14- Concentrations of Credit Risk**

The Hospital is located in Sulphur, Louisiana. The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows:

	<u>2007</u>	<u>2006</u>
Medicare	11 %	12 %
Medicaid	2	4
Other	87	84
	<u>100 %</u>	<u>100 %</u>

The mix of net patient revenues was as follows:

	<u>2007</u>	<u>2006</u>
Medicare	31 %	28 %
Medicaid	2	2
Other	67	70
	<u>100 %</u>	<u>100 %</u>

**Note 15- Post Employment Benefits**

The Hospital provides post retirement health care benefits to all employees who retire and meet the retirement criteria of the Parochial Employees' Retirement System of Louisiana. Currently, 75 retirees are participating in the system. Expenditures for post retirement health care benefits are recognized as retirees report claims incurred, and include a provision for estimated claims incurred, but not yet reported to the Hospital. Information regarding expenditures for post retirement health care for 2007 and 2006 was not maintained.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2007 and 2006**

**Note 16- Charity Care**

The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy aggregated approximately \$902,518 and \$445,356 in 2007 and 2006, respectively.

**Note 17- Ad Valorem Taxes**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by both Calcasieu and Cameron Parishes in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

For the years ended December 31, 2007 and 2006, taxes of 2.29 mills were levied on property with net assessed valuations totaling \$628,659,580 and \$554,738,430 for Calcasieu Parish and \$21,759,656 and \$18,154,990 for Cameron Parish, respectively. Total taxes levied were \$1,442,641 and \$1,311,926 for the years ended December 31, 2007 and 2006. Taxes receivable at December 31, 2007 and 2006 were \$1,380,056 and 1,195,232, all of which were considered collectible. The 2.29 mills were dedicated for the sinking fund.

**Note 18- Construction in Progress**

The Hospital has various construction projects in progress at December 31, 2007. The following is a schedule of the most significant projects.

	<u>Estimated Total Costs</u>	<u>Costs Incurred To Date</u>	<u>Estimated Completion Date</u>
Master Facility Project Phase I	\$19,054,548	\$993,080	September 2009
Nurse Call System	\$545,844	\$440,933	September 2008
Patient Room Renovations	\$1,434,173	\$485,459	September 2008

**Note 19- Allowance for Doubtful Accounts**

Accounts receivable are stated at cost less an allowance for doubtful accounts. The allowance account consists of an estimate of uncollectible specifically identified accounts and a general reserve. Management's evaluation of the adequacy of the allowance is based on a continuing review of all accounts and includes a consideration of past user history, any adverse situation that might affect the user's ability to repay, and current economic conditions. Amounts charged-off that are subsequently recovered are recorded as income.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2007 and 2006**

*Note 20 - Investment - LLC*

The Hospital owns 73.17% of Sulphur Radiology Equipment, LLC. The LLC was formed to provide healthcare services, including quality imaging services to the residents of the community. Total assets of the LLC were \$882,440 and \$1,083,524, total liabilities were \$670,445 and \$837,250, and the net result of operations was a loss of \$42,974 and \$128,854 as of and for the years ending December 31, 2007 and 2006, respectively. The investment is accounted for using the equity method.

**SUPPLEMENTARY INFORMATION**



Founded in 1978

## BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

### INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Commissioners  
West Calcasieu-Cameron Hospital  
Calcasieu-Cameron Hospital Service District  
Sulphur, Louisiana

Our report on our audits of the basic financial statements of West Calcasieu-Cameron Hospital as of December 31, 2007 and 2006, and for the years then ended appears on page 1. The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 27-38 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Broussard & Company*

Lake Charles, Louisiana  
June 12, 2008

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**WEST CALCASIEU-CAMERON HOSPITAL  
HOSPITAL SERVICE DISTRICT  
Sulphur, Louisiana  
Balance Sheets  
As of December 31,**

ASSETS	2007	2006
<b>Current Assets</b>		
Cash and cash equivalents	\$ 771,495	\$ 508,030
Assets whose use is limited-cash equivalents:		
Required for current debt service	150,496	168,137
By board for capital improvements	832,743	383,277
Assets whose use is limited:		
By board for capital improvements	8,815,458	8,665,985
By board required for operations	5,187,706	5,372,559
Accounts receivable from patients	12,384,871	13,116,964
Less allowance for uncollectible accounts	(3,192,189)	(3,316,774)
Interest receivable	29,878	146,478
Other receivables	2,138,982	1,613,607
Inventories	1,259,458	1,447,591
Prepaid expenses	335,348	261,974
Other current assets	20,482	16,990
<b>Total Current Assets</b>	<b>28,734,728</b>	<b>28,384,818</b>
<b>Assets Whose Use Is Limited</b>		
By board required for operations	7,564	13,007
By board for capital improvements	764,775	1,973,594
Unrealized gain (loss) on investments	(34,917)	43,811
<b>Noncurrent Assets Whose Use     is Limited</b>	<b>737,422</b>	<b>2,030,412</b>
<b>Property, Plant and Equipment</b>		
Construction-in-progress	2,151,125	998,150
Buildings and improvements	30,857,418	31,085,085
Equipment	27,732,940	25,199,604
Land and improvements	2,746,317	2,758,359
Less allowance for depreciation	(37,293,296)	(35,251,524)
<b>Net Property, Plant and Equipment</b>	<b>26,194,504</b>	<b>24,789,674</b>
<b>Other Assets</b>		
Investment in joint venture	220,278	226,722
Cost of bonds issued	95,315	109,101
<b>Total Other Assets</b>	<b>315,593</b>	<b>335,823</b>
<b>TOTAL ASSETS</b>	<b>\$ 55,982,247</b>	<b>\$ 55,540,727</b>

**WEST CALCASIEU-CAMERON HOSPITAL  
HOSPITAL SERVICE DISTRICT  
Sulphur, Louisiana  
Balance Sheets (Continued)  
As of December 31,**

	<u>2007</u>	<u>2006</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,387,587	\$ 1,734,608
Accrued compensation and retirement	3,007,478	2,864,149
Accrued health insurance benefits	530,319	576,362
Accrued interest payable	154,266	307,204
Other accrued expenses	341,063	199,050
Due to Medicare and Medicaid - cost report settlement	296,846	392,831
Current portion of revenue bonds	668,000	668,000
Current portion of general obligation bonds	885,000	725,000
Current installments on capital lease obligations	341,368	356,728
<b>Total Current Liabilities</b>	<u>8,611,927</u>	<u>7,823,932</u>
<b>Long-Term Debt</b>		
Revenue bonds payable	2,986,000	3,654,000
General obligation bonds payable	8,390,000	9,275,000
Capital lease obligations	266,973	611,502
<b>Total Long-Term Debt</b>	<u>11,642,973</u>	<u>13,540,502</u>
<b>Total Liabilities</b>	<u>20,254,900</u>	<u>21,364,434</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	12,657,163	9,499,444
Unrestricted	23,070,184	24,676,849
<b>Total Net Assets</b>	<u>35,727,347</u>	<u>34,176,293</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 55,982,247</u>	<u>\$ 55,540,727</u>

**WEST CALCASIEU-CAMERON HOSPITAL  
HOSPITAL SERVICE DISTRICT  
Sulphur, Louisiana  
Statements of Revenues and Expenses  
For The Years Ended December 31,**

	<b>2007</b>	<b>2006</b>
<b>NET PATIENT SERVICE REVENUE</b>	\$ 56,519,882	\$ 53,407,750
<b>OTHER REVENUE (EXPENSES)</b>		
Cafeteria and vending machines	129,688	175,456
Record room and miscellaneous	35,658	38,527
Donations	4,994	4,044
Other revenues	19,996	3,101
Total Other Revenue (Expenses)	190,336	221,128
<b>TOTAL REVENUE</b>	56,710,218	53,628,878
<b>OPERATING EXPENSES</b>		
Nursing expenses	12,536,240	11,211,693
Other professional service expenses	18,114,505	17,199,636
General service expenses	3,831,952	3,903,997
Fiscal and administrative services expenses	11,079,522	11,133,966
Depreciation and amortization expenses	2,350,091	2,475,948
Provision for bad accounts (net of recoveries)	9,916,299	7,241,052
Interest expense on bonds	560,790	474,840
Interest expense on leases	56,126	50,266
Total Operating Expenses	58,445,525	53,691,398
<b>INCOME (LOSS) FROM OPERATIONS</b>	(1,735,307)	(62,520)
<b>NON-OPERATING REVENUE AND (EXPENSES)</b>		
Ad valorem taxes	1,436,496	1,195,363
Rent income	426,806	447,896
Investment income	836,818	750,297
Gain (loss) on disposal of assets	78,277	11,412
Miscellaneous	507,964	91,637
Total Non-Operating Revenue and (Expenses)	3,286,361	2,496,605
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ 1,551,054	\$ 2,434,085

**WEST CALCASIEU-CAMERON HOSPITAL  
HOSPITAL SERVICE DISTRICT  
Sulphur, Louisiana  
Statements of Changes in Net Assets  
For The Years Ended December 31,**

	<b>2007</b>	<b>2006</b>
<b>NET ASSETS - January 1</b>	<b>\$ 34,176,293</b>	<b>\$ 31,742,208</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<b>1,551,054</b>	<b>2,434,085</b>
<b>NET ASSETS - December 31</b>	<b>\$ 35,727,347</b>	<b>\$ 34,176,293</b>

**WEST CALCASIEU-CAMERON HOSPITAL**  
**WEST CALCASIEU-CAMERON HOSPITAL SERVICE CORPORATION (FOUNDATION)**  
**Sulphur, Louisiana**  
**Balance Sheets**  
**As of December 31,**

	2007	2006
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 171,848	\$ 79,930
Inventories	17,397	15,313
Certificate of deposit	31,341	30,000
Total Current Assets	220,586	125,243
<b>Property, Plant and Equipment</b>		
Buildings	6,750	-
Equipment	27,521	26,074
Less allowance for depreciation	(19,560)	(14,361)
Net Property, Plant and Equipment)	14,711	11,713
<b>TOTAL ASSETS</b>	<b>\$ 235,297</b>	<b>\$ 136,956</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 22,157	\$ 12,864
Total Current Liabilities	22,157	12,864
Total Liabilities	22,157	12,864
<b>Equity</b>		
Retained earnings	213,140	124,092
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 235,297</b>	<b>\$ 136,956</b>

**WEST CALCASIEU-CAMERON HOSPITAL**  
**WEST CALCASIEU-CAMERON HOSPITAL SERVICE CORPORATION (FOUNDATION)**  
**Sulphur, Louisiana**  
**Statements of Income**  
**For The Years Ended December 31,**

	<b>2007</b>	<b>2006</b>
<b>OPERATING REVENUES</b>		
Gift shop revenue	\$ 50,027	\$ 55,457
Donations	75,157	64,604
Other revenues	107,616	87,971
Total Revenues	232,800	208,032
 <b>COST OF SALES</b>		
Gift Shop	21,320	22,593
Gross Profit	211,480	185,439
 <b>OPERATING EXPENSES</b>		
Contributions	29,601	100,965
Fund raising	45,820	35,351
Contract services	-	38,160
Miscellaneous	40,972	26,047
Professional fees	2,100	2,500
Taxes	3,747	3,951
Depreciation expense	5,200	5,036
Total Operating Expenses	127,440	212,010
 <b>NON-OPERATING REVENUE</b>		
Interest Income	5,008	5,378
 <b>EXCESS OF REVENUE OVER EXPENSES</b>	 \$ 89,048	 \$ (21,193)

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Schedules of Nursing Revenues**  
**For The Years Ended December 31,**

	2007	2006
<b>NURSING REVENUES</b>		
Revenue from daily patient services		
Medical and surgical	\$ 6,526,685	\$ 5,861,954
Intensive care	2,908,307	2,339,588
Nursery	168,234	163,313
Total Revenue from Daily Patient Services	9,603,226	8,364,855
Operating room	17,226,337	16,708,480
Delivery room	1,609,981	1,840,596
Recover room	3,588,762	3,421,915
Central supply	135,260	221,984
Emergency room	7,358,708	7,115,062
<b>TOTAL NURSING REVENUES</b>	<b>\$ 39,522,274</b>	<b>\$ 37,672,892</b>

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Schedules of Other Professional Services Revenue**  
**For The Years Ended December 31,**

	<u>2007</u>	<u>2006</u>
<b>OTHER PROFESSIONAL SERVICE REVENUES</b>		
Anesthesiology	\$ 2,482,741	\$ 2,526,126
Radiology	21,929,680	20,834,122
Laboratory	16,229,718	14,356,889
Cardiology, EKG and EEG	8,787,683	8,887,013
Physical therapy	1,420,541	1,334,588
Orthopedic	187,005	177,904
Nuclear Medicine	1,937,075	1,763,258
Pharmacy	20,677,141	16,803,343
Respiratory therapy	7,099,772	5,632,259
Dietary - long term care	190,807	177,292
Ambulance service	3,464,048	2,826,599
Emergency room physicians prof. fees	2,474,069	1,821,063
Occupational therapy	532,734	594,439
Home health care	1,643,415	1,642,431
Day care	163,323	122,680
Therapeutic riding	261,881	367,986
Wellness center	1,181,483	1,232,242
Off site clinics	596,803	572,837
Outpatient testing	505,892	472,335
<b>TOTAL OTHER PROFESSIONAL SERVICE REVENUES</b>	<u>\$ 91,765,811</u>	<u>\$ 82,145,406</u>

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Schedules of General Service Expenses**  
**For The Years Ended December 31,**

	<u>2007</u>	<u>2006</u>
<b>NURSING EXPENSES</b>		
Nursing services - salaries	\$ 2,938,363	\$ 2,484,390
Nursing services - administrative salaries	859,576	851,639
Nursing services - expenses	348,206	297,223
Central supply - salaries	128,416	123,859
Central supply - expense	269,285	214,116
Operating room - salaries	1,222,386	1,115,000
Operating room - expenses	3,143,936	2,674,117
Delivery room - salaries	391,118	484,655
Delivery room - expenses	101,024	116,342
Nursery - salaries	37,678	40,815
Nursery - expenses	15,024	14,818
Recovery room - salaries	192,426	182,590
Recovery room - expenses	14,636	15,333
Intensive care - salaries	971,001	845,648
Intensive care - expenses	115,880	76,392
Emergency room - salaries	1,236,253	1,130,033
Emergency room - expenses	210,744	215,723
Emergency room - professional fees	340,288	329,000
<b>TOTAL NURSING EXPENSES</b>	<u>\$ 12,536,240</u>	<u>\$ 11,211,693</u>

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Schedules of Other Professional Service Expenses**  
**For The Years Ended December 31,**

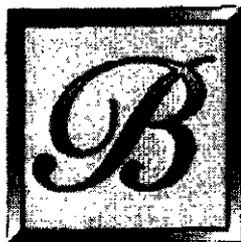
	<u>2007</u>	<u>2006</u>
<b>OTHER PROFESSIONAL SERVICE EXPENSES</b>		
Anesthesiology - expenses	\$ 687,059	\$ 678,839
Radiology - salaries	1,099,789	1,035,996
Radiology - expenses	1,375,627	1,259,132
Laboratory - salaries	972,001	932,987
Laboratory - expenses	1,691,230	1,565,524
Cardiology, EKG and EEG - salaries	428,464	381,357
Cardiology, EKG and EEG - expenses	825,642	899,158
Physical therapy - salaries	518,348	495,080
Physical therapy - expenses	41,850	23,758
Orthopedic room - expenses	33,727	46,910
Pharmacy - salaries	647,441	609,931
Pharmacy - expenses	2,912,672	2,690,415
Respiratory therapy - salaries	604,696	546,744
Respiratory therapy - expenses	142,922	127,243
Ambulance service - salaries	1,380,781	1,156,425
Ambulance service - expenses	255,319	208,906
Medical records - salaries	432,258	374,635
Medical records - expenses	197,373	82,194
Nuclear Medicine - salaries	190,147	153,342
Nuclear Medicine - expenses	196,796	240,218
Outpatient testing - salaries	95,310	90,851
Outpatient testing - expenses	12,409	12,030
Ultrasound - expenses	495	3,632
Home health care - salaries	814,362	802,913
Home health care - expenses	186,275	159,059
Day care - salaries	178,173	208,097
Day care - expenses	21,538	20,970
Occupational therapy - salaries	238,907	176,414
Occupational therapy - expenses	48,505	52,239
Off site clinic - salaries	550,536	480,579
Off site clinic - expenses	346,044	739,296
Wellness center - salaries	685,939	646,422
Wellness center - expenses	157,610	140,121
Therapeutic riding - salaries	115,054	117,717
Therapeutic riding - expenses	29,206	40,502
<b>TOTAL OTHER PROFESSIONAL SERVICE EXPENSES</b>	<b>\$ 18,114,505</b>	<b>\$ 17,199,636</b>

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Schedules of General Service Expenses**  
**For The Years Ended December 31,**

	<b>2007</b>	<b>2006</b>
<b>GENERAL SERVICE EXPENSES</b>		
Dietary - salaries	\$ 501,401	\$ 454,772
Dietary - food	339,031	327,339
Dietary - expenses	92,201	85,998
Housekeeping - salaries	423,162	410,750
Housekeeping - expenses	111,645	138,934
Laundry - salaries	103,879	104,862
Laundry - expenses	66,820	60,384
Operating and maintenance of plant - salaries	711,388	668,654
Operating and maintenance of plant - expenses	1,482,425	1,652,304
<b>TOTAL GENERAL SERVICE EXPENSES</b>	<b>\$ 3,831,952</b>	<b>\$ 3,903,997</b>

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Schedules of Fiscal and Administrative Service Expenses**  
**For The Years Ended December 31,**

	<b>2007</b>	<b>2006</b>
<b>FISCAL AND ADMINISTRATIVE SERVICE EXPENSES</b>		
Administrative - salaries	\$ 2,281,458	\$ 2,308,981
Administrative - general expenses	3,170,550	2,811,373
Payroll taxes and benefits	4,897,426	5,371,902
Insurance and liability claims	730,088	641,710
<b>TOTAL FISCAL AND ADMINISTRATIVE SERVICE EXPENSES</b>	<b>\$ 11,079,522</b>	<b>\$ 11,133,966</b>



Founded in 1978

## BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
West Calcasieu-Cameron Hospital  
Calcasieu-Cameron Hospital Service District  
Sulphur, Louisiana

We have audited the financial statements of West Calcasieu-Cameron Hospital as of and for the year ended December 31, 2007, and have issued our report thereon dated June 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit we considered West Calcasieu-Cameron Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Calcasieu-Cameron Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects West Calcasieu-Cameron Hospital's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of West Calcasieu-Cameron Hospital's financial statements that is more than inconsequential will not be prevented or detected by West Calcasieu-Cameron Hospital's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by West Calcasieu-Cameron's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether financial statements of West Calcasieu-Cameron Hospital are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management of West Calcasieu-Cameron Hospital and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bronssard & Company*

Lake Charles, Louisiana  
June 12, 2008

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Schedule of Findings**  
**December 31, 2007**

**A. Financial Statement Items**

1. Unqualified opinion on the general-purpose financial statements.
2. Significant deficiency in internal control – Refer to B-1.
3. No instances of noncompliance noted.

**B. GAGAS Findings**

1. None.

**C. Prior Audit Findings**

1. None.